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SUBJECT: LESOTHO CAR SCANDAL LIKELY TO DOG RULING PARTY IN 2007 ELECTIONS

REF: A) MASERU 286; B) MASERU 335

¶1. SUMMARY: Political fallout continues to snowball in response to the sale of official luxury vehicles to top government officials, at a one percent residual value, by a South African company leasing vehicles to the government. Two major political parties have appealed to the Ombudsman and the Director General of the Anti-Corruption Unit to investigate the scheme and charge the recipients with unlawful acquisition of government property. An alliance of three parties protested at the SADC Summit concerning this growing scandal, and the issue is likely to haunt the ruling party during the upcoming 2007 national elections. END SUMMARY.

¶2. The controversial car scheme, which was launched in 2003, allows top GOL officials to purchase luxury vehicles leased from Imperial Fleet Services, a government contractor, at one percent of their initial retail value. The program included cabinet ministers, principal secretaries, members of commissions, heads of statutory bodies, and judges of the High Court (ref A). Cabinet ministers were offered luxury Mercedes Benz cars at Maloti 4,000 (about USD 560), while the others purchased Toyota Camry sedans for a residual value of Maloti 2,500 (about USD 350).

¶3. In response to widespread public outcry, members of a Cabinet sub-committee on the privileges of high-ranking government officials held a press conference on August 22. The Chairperson of the sub-committee, and Minister of Natural Resources, Dr. 'M'amphono Khaketla, explained that the government implemented the plan as an improvement in the remuneration of top civil servants. The car ownership scheme was justified by the need to attract competent leaders into government to strengthen governance, manage the brain drain, and ensure the delivery of services to the nation. This explanation was received highly critically by the media and public.

¶4. Typical of journalistic comment, an article in the popular weekly Public Eye pointed out that attempts to stem Lesotho's brain drain should be aimed at engineers, doctors, and nurses, not politically appointed top government officials, who have not been observed to flee. Members of the public, through radio call-in programs, have dismissed the ministers' statement as a desperate attempt to save face. The Law Society has called on the Director of Prosecutions and the Director General of the Anti-Corruption Unit to prosecute the scheme's beneficiaries, failing which they vow to launch a private lawsuit.

¶5. Possibly most irksome to the GOL has been the Law Society's challenge to religious leaders to break their silence on national issues, including this controversial car scheme. Quoting from the bible, several religious leaders called in to a community radio discussion entitled "A Culture of Impunity" on Saturday, August 26. Warning the nation of this collective responsibility, they argued that in incidents where biblical leaders like David had erred, God not only punished the

individual leaders, but the nation as a whole.

¶6. The alliance of Congress parties sent a letter of protest against the scheme to diplomatic missions accredited to Lesotho in July of this year (ref B). They also presented a letter of protest in August to the SADC Heads of State Summit in Maseru, criticizing the movement for electing Lesotho's Prime Minister, Pakalitha Mosisili, as Chairman of the organization in the midst of this controversy surrounding his government.

¶7. COMMENT: The donor community in Lesotho empathizes with the GOL's challenge to retain competent people in the public sector, but advocates reward for good performance. The array of incentive schemes implemented so far have unfortunately brought little improvement in governance of the civil service and delivery of services to the public. The latest attempt by government to explain the car ownership scheme raises more questions than answers. Coming as the nation prepares for national elections in 2007, the scheme legitimizes the use of public assets for political campaigning by the ruling party, which has been a primary complaint of the opposition. In the face of widespread poverty exacerbated by the HIV/AIDS pandemic, this conspicuous grab of public assets by the ruling party will be a key election issue in 2007. END COMMENT.

MURPHY